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USDA'S AGRICULTURAL MARKETING SERVICE

What It Is . . . What It Does

U. S. DEPT. OF AGRICULTURE
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OCT 7 1964

CURRENT SERIAL RECORDS



Foreword

Better marketing for farm products—that, in a word, is the goal of the Agricultural Marketing Service. Our services are designed to contribute toward that goal. These services are many—they are varied—some are quite far-reaching—but they all relate to that basic and complex process of moving food and fiber from farm to consumer.

This publication attempts to describe practically all of these AMS services and functions and show how they fit in with the broad aims of the agency. It is intended to give employees—old or new—a better perspective on their part in the overall design and help them see how each part is related to the whole.

We also hope that others who are interested will find this publication useful as a means of finding out what AMS does and why.

S. R. Smith
Administrator.

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Slightly revised September 1963



Marketing... and the Role of AMS

IT TAKES A HEAP of marketing to make a steer a steak. Or to make a chicken, some, potatoes, and some peas a pre-cooked, frozen dinner. And to get all of the 6,000 or so items on the shelves of the modern supermarket.

This marketing process—all of the buying and selling, assembling, transporting, processing, grading, packaging, and storing—is something that we, as consumers, are unlikely to give a second thought. We can just take it for granted that we will always have an ample supply and a wide choice of many, many kinds and types of foods and clothing, whenever and wherever we want them.

But we should give the marketing of our foods and clothing fibers a second thought, especially if we are interested in where our money goes. For every dollar we spend on food these days, less than 40 cents goes to the producer of the product—the farmer. The remainder pays for the marketing. All told, we spent about \$63.2 billion for food in 1962—less than a fifth of our disposable income.

The marketing of farm products, in fact, is a bigger business than the producing of them. While farming now employs only about 5½ million workers, marketing (the buying, selling, processing, transporting, etc.) employs 10 million.

From the farmer's standpoint, marketing is

the key to his return from his labor and investment.

Our marketing system involves millions of individual decisions—to grow—to buy—to sell—to store—to ship—on the part of farmers, marketing men, and consumers.

It works amazingly well, and it is vital that it should—vital to the farmer to realize the most return and just as vital to the consumer to provide him with an unfailing supply of food and fiber at a reasonable cost.

To help keep the whole marketing process flowing in an orderly and efficient manner—that's the job of the Agricultural Marketing Service. AMS provides the services, regulation, and research needed to modernize, streamline, and grease the wheels of the whole vast marketing mechanism—keep it moving, quickly, efficiently, and with the least waste.

AMS provides Federal and universal standards to measure important variations in quality of farm products. It provides *grading* services which employ these standards in official certification of quality. This permits long distance trading without personal inspection of product and guides consumers in selecting qualities they desire. AMS also provides nationwide *market news*, to help farmers decide where and when to market and to keep products flowing to the markets where needed.

AMS provides *regulation* to preserve fair

play in marketing, to protect and preserve free and open competition, and to prevent chicanery and product misrepresentation.

AMS provides *research* to find better ways to measure quality, to maintain the quality of products on their way to market, to prevent insect infestation, and to find more efficient methods of marketing and better facilities—such things as improved packaging and modern food distribution centers.

And AMS helps to remove temporary surpluses and *increase consumption* of foods that are in plentiful supply. It seeks to *improve distribution* of our food abundance through donations to welfare institutions and to the needy, both at home and abroad. It helps to improve the diets of the Nation's children through the National School Lunch Program and the Special Milk Program.

AMS provides *marketing agreement* and *order* programs that help stabilize markets for certain perishable products, assuring consumers of dependable supplies at reasonable cost.

Diverse as some of these activities may seem, they add up as parts of the *whole job*: Moving the products of America's farms to the consumer—in the form he wants, where and when he wants them—in the best and most efficient manner possible.

It is a big job. It is a complex job. And it is vital to our economy and our way of life.



AMS... How It Does the Job

TO CARRY OUT its job of promoting the efficient and orderly marketing and effective distribution of all the products of America's farms, AMS maintains a flexible structure, geared to meet the changing needs of the dynamic marketing system and public it serves.

The organization is headed by an administrator, an associate administrator, and four deputies who are responsible for directing marketing services, regulatory functions, marketing research, and management.

Seven commodity divisions—Cotton, Dairy, Fruit and Vegetable, Grain, Livestock, Poultry, and Tobacco—provide the standardization, grading, and market news services for the various commodities. They also perform many regulatory functions, enforcing Federal laws such as the Perishable Agricultural Commodities Act, the Federal Seed Act, the Poultry Products Inspection Act, and others.

These divisions have other functions, too, such as surplus removal activities and administering marketing agreements and orders for fruits and vegetables. They have technically trained employees—graders, inspectors, market news reporters, marketing specialists—stationed throughout the country to provide these services where and when they're needed.

And these divisions work closely with the *Food Distribution Division* which is responsi-

ble for the direct distribution of surplus foods to the needy, to schools, and to institutions. This division also conducts a pilot Food Stamp Plan, the National School Lunch Program, the Special Milk Program, and the Plentiful Foods Program. It, too, has employees working in the field with State school lunch directors, local welfare officials, and the like.

Two *marketing research divisions*, the Market Quality Research Division and the Transportation and Facilities Research Division, employ physical and biological research to find ways of solving marketing problems. Their employees include chemists, bacteriologists, plant physiologists and pathologists, entomologists, botanists, engineers, architects, economists and marketing specialists, many of whom work in field stations across the country, close to the places where farm products are produced, stored, shipped, received, and distributed.

The *Packers and Stockyards Division* is responsible for enforcing the Packers and Stockyards Act—a far-reaching law regulating the business practices of all those engaged in the interstate marketing of livestock, meat, and live poultry.

The *Milk Marketing Orders Division* provides the services necessary to institute, maintain, and administer Federal milk marketing orders requested by farmers. On the basis

of hearing evidence, economists and marketing specialists develop milk orders in terms of the public interest and revise them periodically in line with changing market conditions. Across the country, 39 marketing order administrators, who operate 68 offices in major marketing areas, supervise the day-to-day operation of the 83 orders currently in effect.

Major responsibilities of the *Special Services Division* include working with farmers and their organizations to obtain and maintain just and reasonable rates and adequate services for the transportation of agricultural products and farm supplies. This Division also administers the U.S. Warehouse Act which protects the interests of farmers and others in commodities stored in licensed warehouses. And it has the responsibility for coordinating the Department's emergency food management activities.

A special staff administers the *Matching Fund Program* conducted by AMS in cooperation with State departments of agriculture as a means of improving marketing services.

Other divisions—Marketing Information, Administrative Services, Internal Audit, Budget and Finance, Personnel, three Area Administrative Divisions, and an Operations Analysis Staff—provide the services needed to keep AMS operating efficiently, coordinating and improving its management, in the public interest.



Measuring Quality of Food...



BN-13109X

AMS standardization, inspection, and grading services have much to do with the quality and wholesomeness of the food we eat.

Every working day, in all parts of this country, AMS graders and inspectors are on the job, determining and certifying the quality of the foods we eat and the fiber for the clothing we wear.

They work in meat and poultry packing houses, in fruit and vegetable and cotton producing areas, in tobacco auction markets, in the laboratories and on the production line in processing plants, in terminal markets and wholesale houses in the cities. They work, in fact, at any point where farm products are assembled into the large lots needed in today's mass merchandising system. The tools they work with are the grades and standards developed and issued by AMS—nationally uniform specifications that are a basic necessity in modern trade.

WHAT THE GRADES ARE

U.S. Grade A, U.S. No. 1, Middling White, U.S. Choice—such terms are the language of trade in farm products.

These and similar grade names describe qualities of foods and fiber just as pounds, dozens, and quarts describe quantities. In the same way, they are based on certain definite standards.

U.S. standards are the basis for the quality grades. These standards cannot be quite so precise as the standards for quantity—16

ounces to the pound, 4 cups to the quart—but they are based on practical attributes which determine the value and utility of the product. The standards for beef, for instance, describe such factors as the amount of marbling (fat interspersed within the lean), the color, firmness, texture, and age of the animal for each of the grades: U.S. Prime, U.S. Choice, U.S. Good, U.S. Standard, U.S. Commercial, U.S. Utility, U.S. Cutter, and U.S. Canner. These factors are indicators of the tenderness, juiciness, and flavor of the meat—the characteristics of beef that are important to consumers.

Standards for each product describe the entire range of quality. For this reason, the number of grades for a product depends upon its variability. While it takes eight grades to span the range of beef quality, for example, only three are required for frying chickens (U.S. Grades A, B, C) since the quality of this product does not vary so much as does beef. In the other extreme, there are 34 grades and more than 15 staple lengths for Upland cotton; there are from 20 to 150 grades for each of the various types of tobacco.

AMS standardization specialists have developed grade standards for some 300 farm products. They develop new standards as new products come along or older products find increased use and standards are needed to facilitate trade. They revise established

and Fiber

standards when necessary to reflect changes in production, in use, and in marketing practices—to keep them currently useful and accurate.

When fruit and vegetable standardization specialists found, for instance, that retail store buyers wanted better quality cantaloupes than they could get by ordering U.S. No. 1, they revised the standards to include a new and higher grade to meet their requirements. This was possible, of course, only because farmers had actually started to produce cantaloupes of the higher quality.

The men and women who develop the grade standards must be experts in their particular field. And they must study and keep up with changes in production, harvesting, movement, processing techniques, and sales of a product.

For, above all, the standards must be practical. They are meant to be used. In developing or revising standards, then, specialists must weigh the range of quality it is possible to produce against the qualities being produced in substantial amounts. It would hardly be practical to set standards for the top grade of any product so high that they would represent an ideal rather than an actuality.

And they must develop standards that can be easily understood and uniformly applied. For most grading is a subjective process—that



BN-14279X

The cotton classifier works with an official set of standards—a box of samples selected by experts to be representative of the various grades.

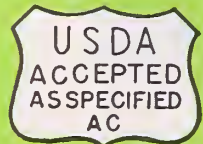
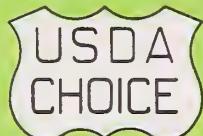
is, the grader must judge the product, weighing in his mind how it compares with the standards.

However in recent years, more objective ways of grading have been developed and put into use for a number of products. A few of the tools now in use include colorimeters (used in grading cotton, tomatoes, and hay), the micrometer (used to measure height of egg whites in a new egg grading program) and the refractometer (used to measure sugar content of cantaloupes).

Most of the standards are written descrip-

tions of qualities. For a few products like cotton, though, some of the standards are “practical forms”—actual samples of the various grades and staple lengths of cotton against which cotton to be classed can be compared.

The use of the U.S. standards and AMS grading services is mostly voluntary on the part of the trade. In some cases, however, local, State, or Federal laws require their use. For instance, the U.S. Grain Standards Act requires inspection by a licensed inspector when grain is shipped by grade in interstate commerce.



CERTIFYING THE QUALITY

No matter how good the standards for farm products are, though, they lose much of their value unless they are interpreted accurately and applied consistently.

And this is exactly the purpose of the grading services provided by AMS. These grading services are often operated cooperatively with State departments of agriculture, but supervision and training of the graders remains under the control of AMS so that there will be nationwide uniformity in the grading.

Graders, like standardization specialists, must be experts in their field. And they must be able to make sound decisions, quickly and accurately, over long periods of time. Often the Government grader's decision means a higher, or a lower, price for the product.

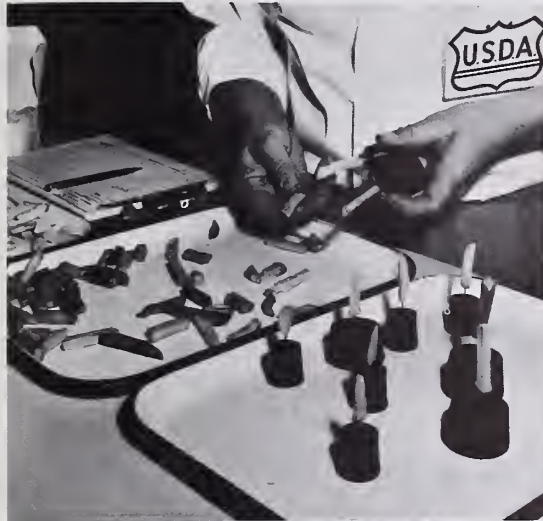
By far the largest amount of grading is done on the wholesale lots of food products. Consumers may see no evidence of much of this grading, but because of it, and other improvements in production and marketing, they are by and large getting much better foods today than ever before.

But for some products, consumer grades are widely used. About 80 percent of the turkeys produced, for instance, carry the USDA grade mark when they appear in the retail store. And about half of all beef produced is graded by Federal graders—in this case, the “wholesale” grading of the whole carcass simply carries through to the retail level. Practically everyone is familiar with the USDA grade shield on butter packages and egg cartons.

Even though the grading of food products is voluntary on the part of the producer, processor, wholesaler, or whoever requests it, a substantial percentage is graded.

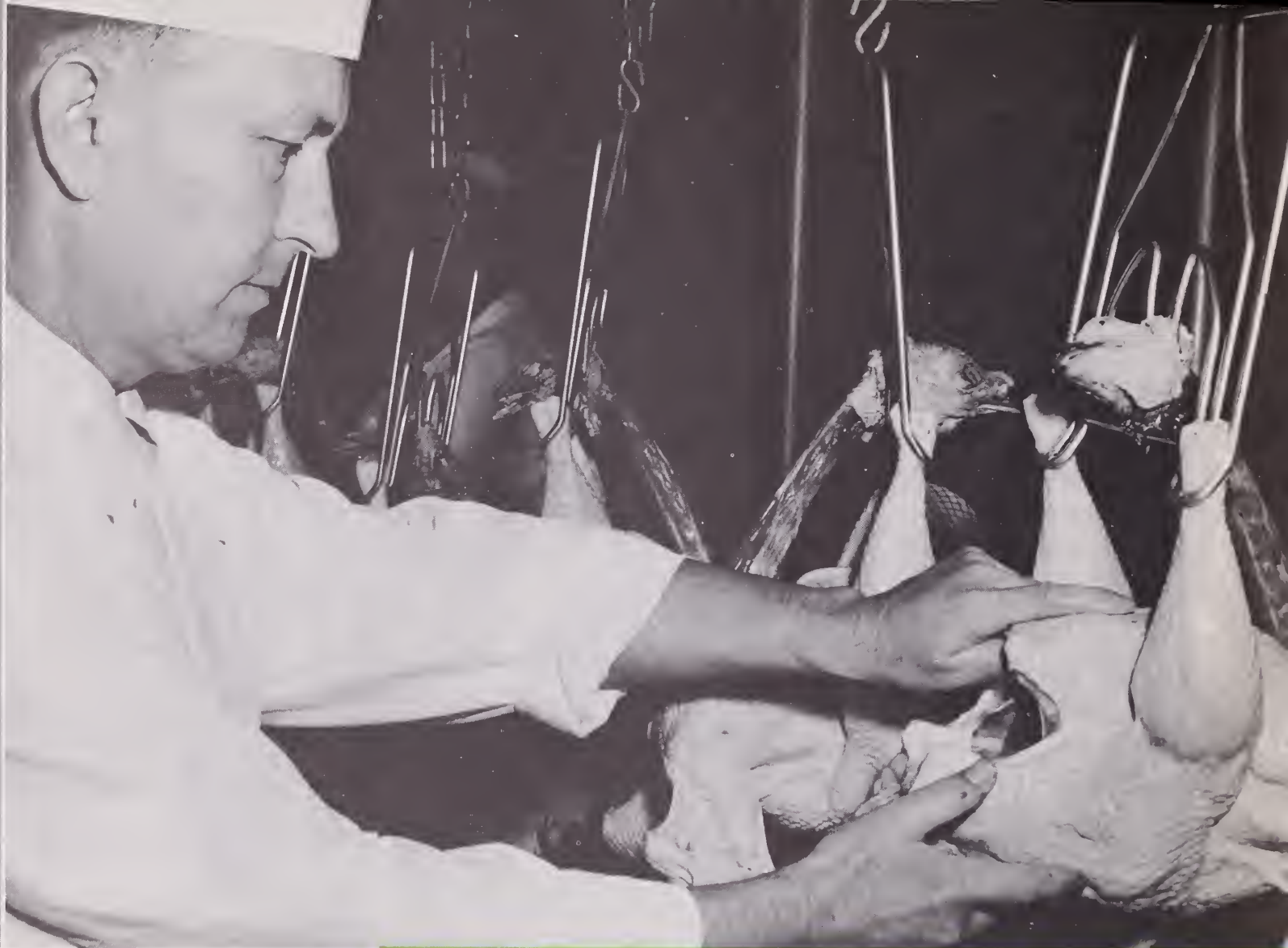
The story for grain, cotton, tobacco, and

naval stores is different. Almost the entire production of these commodities is officially graded because of laws either requiring it or offering it free when specified conditions are met.



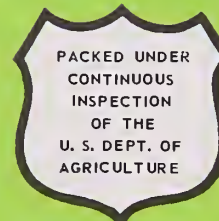
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Opposite page—rolling the grade mark on a beef carcass. Above—grading butter. Top, left—using models to help determine the grade of frozen french fries. Bottom, left—using an official sizing device on potatoes. Top, right—determining the interior quality of eggs by candling. Bottom, right—taking a sample of wheat as it pours into hold of ship, to provide foreign buyer with the grade at time of export.



N-18883

Careful examination of each bird by the highly trained Federal inspector assures the American public of a clean, wholesome product.



INSPECTION FOR WHOLESOMENESS

Every chicken, every turkey, every duck, goose, stewing hen, or other kind of poultry processed in plants dealing across State lines is individually examined for wholesomeness by AMS poultry inspectors.

This corps, some 1,900 strong, carries out the provisions of an important consumer-protection law, the Poultry Products Inspection Act. Of this force, about 550 are veterinarians. All inspection is under their direct supervision.

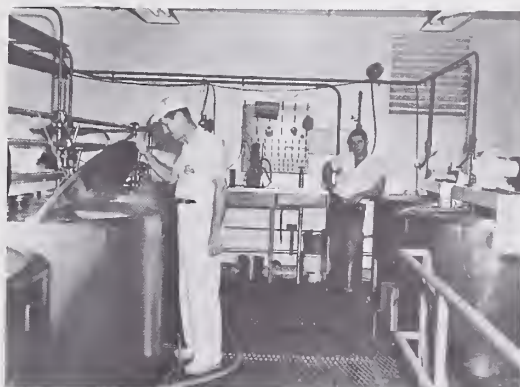
Examination of each bird to make sure that it is wholesome, clean, and fit for food is only part of the poultry inspection job. Other aspects include responsibility for processing plant construction and facilities—only those that are adequate to do a good and sanitary job of processing are approved. It's also the inspector's job to see that the proper operating procedures and sanitary measures are carried out every working day. And he must make sure that the product is free from adulteration, is packaged in approved wrappings that will provide adequate protection, and is truthfully labeled.

The same type of careful supervision is exercised, and is required by the inspection law, in plants preparing poultry products, such as frozen pies and dinners, canned soups, and so on.

AMS also provides voluntary continuous inspection services, for which a fee is charged, for dairy products, egg products, and rabbits. These inspection services may be provided in conjunction with grading services, or without. In either case, they provide the same sort of

sanitary and operating controls as are provided under poultry inspection. That is, AMS inspectors are stationed in the processing plants and they are charged with making sure that only wholesome, clean products go into the manufacture and that strict control of sanitation and operating methods is exercised.

Continuous inspection of fruits and vegetables—canned, frozen, dried, and fresh—is



N-3905

Inspector checks for cleanliness in a plant making frozen concentrated orange juice.



N-29057

Taking a sample of process cheese. The inspector also checks on sanitation, raw materials.

available as one type of grading service. A condition for obtaining this service is that the processing plant or packing shed meet rigid sanitary and operating requirements that will assure wholesomeness of products.

Manufacturers who employ any of these voluntary services are entitled to carry on their labels the official Government shield stating the fact that the product was prepared under continuous USDA inspection.



N-42762

Checking the egg breaking operation. Under inspection, each step in the manufacture of dried eggs is carefully supervised.



Getting the Market News...



N-32556

Almost everywhere trading in farm products goes on—in the country or in the city—there AMS market news reporters are at work, checking on qualities and quantities of the products sold, the prices paid, the demand, the movement, the trends.

They're gathering this news constantly, throughout every trading day. And as constantly, they're getting it out as published reports to the waiting public who needs it. The reports are disseminated, as a public service, through the facilities of radio and television, newspapers, and magazines. Bulletin boards and mailed reports are utilized, too, to a lesser extent.

Market news reporters gather and document information by personal observation of the transactions, by talking to buyers and sellers, by checking sales records. They must make sure that they are giving an accurate picture of the market—many people are relying upon their reports.

Like his fellow-employees in standardization and grading work, the market news reporter has to be an expert on the commodity he reports. For even if the product is not officially graded he must report prices paid for the various qualities in terms of the nationally-understood language—the U.S. grades.

Only in this way can prices, and supply and demand, be realistically compared from day

to day and from market to market, throughout the country.

And farmers and others dealing in farm products need to make these comparisons. They need market news in making decisions on how much and what kind of product to grow, on where and when to market, on whether or not to accept a price bid. This information helps to keep the marketing pipelines filled—but not to overflowing.

Market news reports may help an Illinois hog grower, for instance, to decide on whether to ship his hogs to Chicago or sell them at a nearby auction or direct buying station. Or if a heavy run is reported, he may decide to hold back for a few days. He will likely get these reports in his local newspaper or over radio or television—provided to these media by the Government market news reporter.

Similar stories could be told about the need for market news for practically every other farm commodity—and how this need is being met by the market news services.

A separate market news “service” reports on each of these commodity groupings—cotton and cottonseed; dairy and poultry; fruits and vegetables; grain, hay, and feeds; livestock, meat, and wool; tobacco and naval stores. These services are operated cooperatively with State departments of agriculture and, in the case of cotton, price quotation committees. Often the States supply a large

to Those Who Need It

part of the manpower. But AMS provides the centralized training and coordination so necessary to achieve nationwide uniformity and make the market news reports useful throughout the country.

AMS maintains a 19,000-mile teletype wire that interconnects practically all of the market news offices. This makes the news from California available in New York—and many other points across the Nation—only minutes after it is released.

Today's farmers are finding more and more need for this information as they increasingly face competition from other areas in supplying the mass merchandising system that characterizes modern agricultural marketing.



N-32587

Market reporter here goes on the air direct from stockyard where he gathers news.

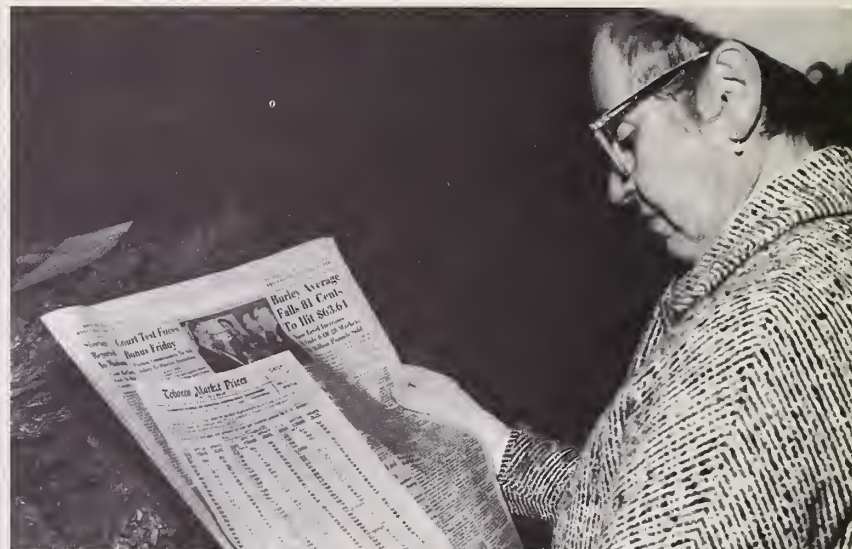


N-32563

Clerk posts the latest market news on a bulletin board at St. Joseph, Mo., stockyards. Market news on live-stock trading is also widely available through newspapers, radio, television, and magazines.



N-7741
Market news reporter notes the condition of celery before recording the price.



N-33691
Kentucky tobacco grower checks on prices. Grading and market news services are being provided on all tobacco auction markets.



N-13026
Market news reporter looks over the eggs as he gathers price information.



N-38018
At Chicago Board of Trade, reporter discusses grain samples with members of the trade.

MARKET NEWS OFFICES AND TELETYPE SYSTEM, 1963

of the
Agricultural Marketing Service . . . U. S. Department of Agriculture



YEAR-ROUND OFFICES

- | | | | |
|---------------------------|---------------------------------|--------------------------------|---------------------------------|
| 1 BOSTON, MASS. ● | 25 CHARLESTON, W. VA. ▲ S | 49 FORT WORTH, TEXAS ● | 73 FRESNO, CALIF. ▲ ▲ S |
| 2 NEW YORK, N.Y. ▲ ▲ SA | 26 DETROIT, MICH. ▲ ● S | 50 DALLAS, TEXAS ▲ ▲ A | 74 BAKERSFIELD, CALIF. ▲ S |
| 3 PHILADELPHIA, PA. ▲ ▲ S | 27 CHICAGO, ILL. ▲ ▲ A | 51 AUSTIN, TEXAS ▲ S | 75 ONLEY, VA. ▲ S |
| 4 DOVER, DEL. ▲ S | 28 RED BLUFF, CALIF. ● S | 52 SAN ANTONIO, TEXAS ● S | 76 NASHVILLE UN. STOCKYARDS ● S |
| 5 SALISBURY, MD. ▲ S | 29 ST. LOUIS, MO. ▲ S | 53 DENVER, COLO. ▲ S | 91 NO. MONTGOMERY, ALA. ● S |
| 6 BALTIMORE, MD. ▲ ▲ S | 30 KANSAS CITY, MO. ▲ ● R | 54 SALT LAKE CITY, UTAH S | 92 VISALIA, CALIF. ● S |
| 7 WASHINGTON, D.C. ▲ ● R | 31 LOUISVILLE, KY. ▲ ● S | 55 OGDEN, UTAH ● S | 93 HARTFORD, CONN. ● S |
| 8 RICHMOND, VA. ▲ S | 32 EVANSVILLE, IND. ● S | 56 SACRAMENTO, CALIF. ▲ S | 100 COLUMBIA, S.C. ▲ S |
| 9 RALEIGH, N.C. ▲ S | 33 INDIANAPOLIS, IND. ● S | 57 SAN FRANCISCO, CALIF. ▲ SRA | 104 LINCOLN, NEBR. ▲ S |
| 10 ASHEVILLE, N.C. ● S | 34 PEORIA, ILL. ● | 58 SPOKANE, WASH. ● | 105 SPRINGFIELD, ILL. ● S |
| 11 ATLANTA, GA. ▲ ▲ SRA | 35 NATIONAL STOCK YARDS, ILL. ● | 59 YAKIMA, WASH. ▲ S | 111 TRENTON, N. JERSEY S |
| 12 THOMASVILLE, GA. ▲ S | 36 DES MOINES, IOWA ● S | 60 SEATTLE, WASH. ▲ S | 113 SIOUX FALLS, S.D. S |
| 13 JACKSONVILLE, FLA. ▲ S | 37 AMES, IOWA S | 61 NO. PORTLAND, OREG. ● S | 114 AMARILLO, TEXAS ● S |
| 14 BIRMINGHAM, ALA. ▲ S | 38 SIOUX CITY, IOWA ● | 62 PORTLAND, OREG. ▲ S | 115 CLOVIS, N.M. ● S |
| 15 LITTLE ROCK, ARK. ▲ S | 39 OMAHA, NEBR. ● | 63 CORVALLIS, OREG. ● S | 119 SALINAS, CALIF. ▲ S |
| 16 MEMPHIS, TENN. ● | 40 SOUTH ST. JOSEPH, MO. ● | 64 STOCKTON, CALIF. ▲ S | 120 SANTA MARIA, CALIF. ▲ S |
| 17 JACKSON, MISS. ▲ S | 41 MADISON, WIS. ▲ S | 65 LOS ANGELES, CALIF. ▲ S | 121 EL CENTRO, CALIF. ▲ S |
| 18 BATON ROUGE, LA. ▲ S | 42 SOUTH ST. PAUL, MINN. ● S | 66 COLLEGE PARK, MO. ● S | 123 PHOENIX, ARIZ. ▲ S |
| 19 NEW ORLEANS, LA. ▲ S | 43 MINNEAPOLIS, MINN. ● S | 67 HARRISONBURG, VA. ● S | 125 LANCASTER, PA. ● S |
| 20 PITTSBURGH, PA. ▲ S | 44 WICHITA, KANS. ● | 68 SAVANNAH, GA. ● | 127 CLEVELAND, MISS. S |
| 21 CLEVELAND, OHIO ▲ S | 45 TULSA, OKLA. ● S | 69 LEXINGTON, KY. S | 129 ST. PAUL, MINN. ▲ S |
| 22 COLUMBUS, OHIO ▲ S | 46 SPRINGFIELD, MO. ● | 70 NASHVILLE, TENN. S | 130 JEFFERSON CITY, MO. ▲ |
| 23 CINCINNATI, OHIO ▲ S | 47 FORT SMITH, ARK. ● S | 71 HOUSTON, TEXAS ● S | 132 WEST FARGO, N.D. ● |
| 24 FRANKFORT, KY. ▲ S | 48 OKLAHOMA CITY, OKLA. ● S | 72 BILLINGS, MONT. ● | 134 PRINCETON, FLA. ▲ |
| | | | 135 MANCHESTER, N. H. ▲ |

SEASONAL OFFICES

- | | | | | |
|--------------------------------|-----------------------------|-----------------------------|------------------------------|--------------------------|
| 75 PRESQUE ISLE, ME. ▲ S | 83 ELIZABETH CITY, N.C. ▲ S | 94 WYACROSS, GA. ▼ | 106 INDIO, CALIF. ▲ S | 117 CALDWELL, IDAHO ▲ S |
| 76 RIVERHEAD, L.I., N.Y. ▲ S | 84 TAMPA, FLA. S | 95 HASTINGS, FLA. ▲ S | 107 FOLEY, ALA. ▲ S | 118 LODI, CALIF. ▲ S |
| 77 ROCHESTER, N.Y. ▲ S | 85 WILSON, N.C. ▼ S | 96 SANFORD, FLA. ▲ S | 108 GREENEVILLE, TENN. ▼ S | 122 YUMA, ARIZ. ▲ S |
| 78 ONLEY, VA. ▲ S | 86 BLYTHE, CALIF. ▲ S | 97 LAKELAND, FLA. ▲ S | 109 ALBANY, GA. ▲ S | 124 CLARKSVILLE, TENN. ▼ |
| 79 UPPER MARLBORO, MD. ▼ S | 87 FLORENCE, S.C. ▼ S | 98 PLANT CITY, FLA. ▲ S | 110 BENTON HARBOR, MICH. ▲ S | 126 QUINCY, FLA. S |
| 80 DANVILLE, VA. ▼ S | 88 SPARTANBURG, S.C. ▲ S | 101 FORT MYERS, FLA. S | 112 WESLACO, TEXAS ▲ | 128 CROWLEY, LA. S |
| 81 MARTINSBURG, W.VA. ▲ S | 89 WAGON, GA. ▲ S | 102 BELLE GLADE, FLA. ▲ S | 116 IDAHO FALLS, IDAHO ▲ S | 131 KENNETT, MO. ▲ S |
| 82 EAST GRAND FORKS, MINN. ▲ S | 93 VALDOSTA, GA. ▼ | 103 POMPAHO BEACH, FLA. ▲ S | | 132 MERRILL, ORE. |

SYMBOLS INDICATE COMMODITY MARKET NEWS SERVICE

- ▲ COTTON AND COTTONSEED
- ▲ DAIRY AND POULTRY
- ▲ FRUITS AND VEGETABLES
- GRAIN, HAY, FEED, SEED, RICE, HOPS, BEANS
- LIVESTOCK, MEATS AND WOOL
- MOLASSES
- NAVAL STORES
- ▼ TOBACCO
- ▲ AMS AREA OFFICE
- S STATE AGENCY COOPERATES
- R TELETYPE RELAY OFFICE

CIRCUITS

TELETYPE SYSTEM	SEASONAL TELETYPE
SOUTHERN	— — — — —
GULF	— — — — —
RICE	— — — — —
CENTRAL	— — — — —
CENTRAL FRUIT & VEGETABLE	— — — — —
EASTERN LIVESTOCK	— — — — —
WESTERN LIVESTOCK	— — — — —
SOUTHWESTERN	— — — — —
WESTERN	— — — — —
CALIFORNIA STATE	— — — — —

* RELAY STATION



Solving Marketing Problems

In Washington, D.C., in Beltsville, Md., and in field stations across the country, marketing researchers are seeking ways to bring our abundant farm production to market in better condition and at less cost.

While the American farm marketing system is second to none in the world, many improvements could be made—many problems remain unsolved. The job of marketing research, working with State agricultural experiment stations and private industry—solve them:

- Find ways of reducing the number of times food and fiber must be handled, sampled and graded before it reaches the consumer. Now some products are handled 20 times on their way through the marketing system.
- Find ways to reduce the waste and spoilage that now causes a loss, in marketing channels, equivalent to 1 out of every 5 acres of perishable farm products produced.
- Find better and more objective methods and instruments to measure quality of farm products, so that inspectors and graders can do a more efficient and exact job.
- Find ways of cutting the costs of transportation. This item alone takes up a big share of the consumer's dollar.

The AMS portion of the Department's total marketing research program uses physical and biological scientists and marketing special-



N-41260

Marketing researcher checks a new machine that can measure the quality of various farm products. Instrumentation research is aimed at developing more objective ways to measure quality—without destroying the sample.

... Through Research

ists in the solution of agricultural marketing problems. This research has to do with the maintenance, improvement, and evaluation of the market quality of agricultural products as they pass through the marketing system. It also has to do with increasing efficiency and lowering costs by improving marketing facilities and equipment, packaging, handling, work methods and transportation at all stages from local assembly through wholesaling and retailing.

Marketing researchers reach out in many directions in tackling these problems—all the way from basic research into the very nature of living tissue to the designing of modern food distribution centers. Work they have already accomplished is saving us millions of dollars every year in marketing costs. But much more remains to be done.

One continuing problem is mankind's age-old war against the insect. Marketing researchers—who include entomologists and chemists—work on controlling insects in stored grains and feeds, woolen products, dried fruits, nuts, tobacco, and many other products, in which insect-damage losses every year run into hundreds of millions of dollars. They work constantly on packaging that will keep insects out of food and chemicals that will control them.

In another area of marketing research, one of the outstanding accomplishments was the development of the electronic blood spot de-

tector for eggs. This spectrophotometric device, by eliminating the necessity of individual handling of each egg, made mechanization feasible in the grading and packing of large lots of uniformly high-quality eggs.

Marketing researchers put this same principal to work in developing a new method of detecting water-core in apples—a condition that cuts storage life. This discovery may save growers annual losses of millions of dollars.

Other marketing scientists developed a mechanical device for splitting peanut kernels and turning the halves for inspection on both sides, saving each inspector a half-hour in his examination of a 1,000-gram sample.

Many of the losses that occur in the marketing of food products are caused by chemical and physical changes within the food itself. Marketing researchers who work on this problem include plant pathologists and physiologists who study decay, spotting discoloration, and other types of spoilage; horticulturalists and engineers, who study temperature, humidity and other requirements of fruits and vegetables in storage and in transit.

Still other scientists study sorting, washing, drying, and packaging to determine the causes of mechanical damage done by machinery. Packaging materials and types of packages are studied to determine their protective qualities.

Another area of marketing research is concerned with up-to-date facilities, equipment,



New handling devices, such as this fork lift truck, are contributing to the technological revolution in agricultural marketing. Marketing research seeks to find the most efficient ways of moving products from farm to home.

layout, and work methods in order to hold down the costs of handling at each step in the marketing channels—including wholesaling and retailing which take the biggest bite out of the consumer's dollar.

As production areas change, volume increases, transportation methods shift, and wages go up, old market facilities must be modified and new facilities built. New food distribution centers in 24 cities, designed with the assistance of marketing researchers, are already saving many millions of dollars a year.

Marketing researchers are working constantly on developing improved transportation equipment, better loading methods, more adequate transportation services, and new types of shipping containers.

They have done much to increase use of pallet boxes, which offer many economies in both packing and handling and lend themselves to the efficiencies of increasing mechanization.

They tested a new type of shipping container for cantaloups that can save growers, shippers, and rail carriers large sums each year and get a better product to the consumer.

All of these activities—and the many more that are constantly underway—are helping to increase the efficiency and lower the costs of moving the output of the Nation's farms to its millions of consumers, and bring them better quality food, in better condition.



N-25748

Scientist studies decay in apples, as part of the AMS marketing research effort to find means of controlling post-harvest disease.



N-26597

Marketing researcher cuts avocados to determine how storage has affected the flesh. This is part of the effort to find better ways of maintaining quality of perishable products during their trip through marketing channels.

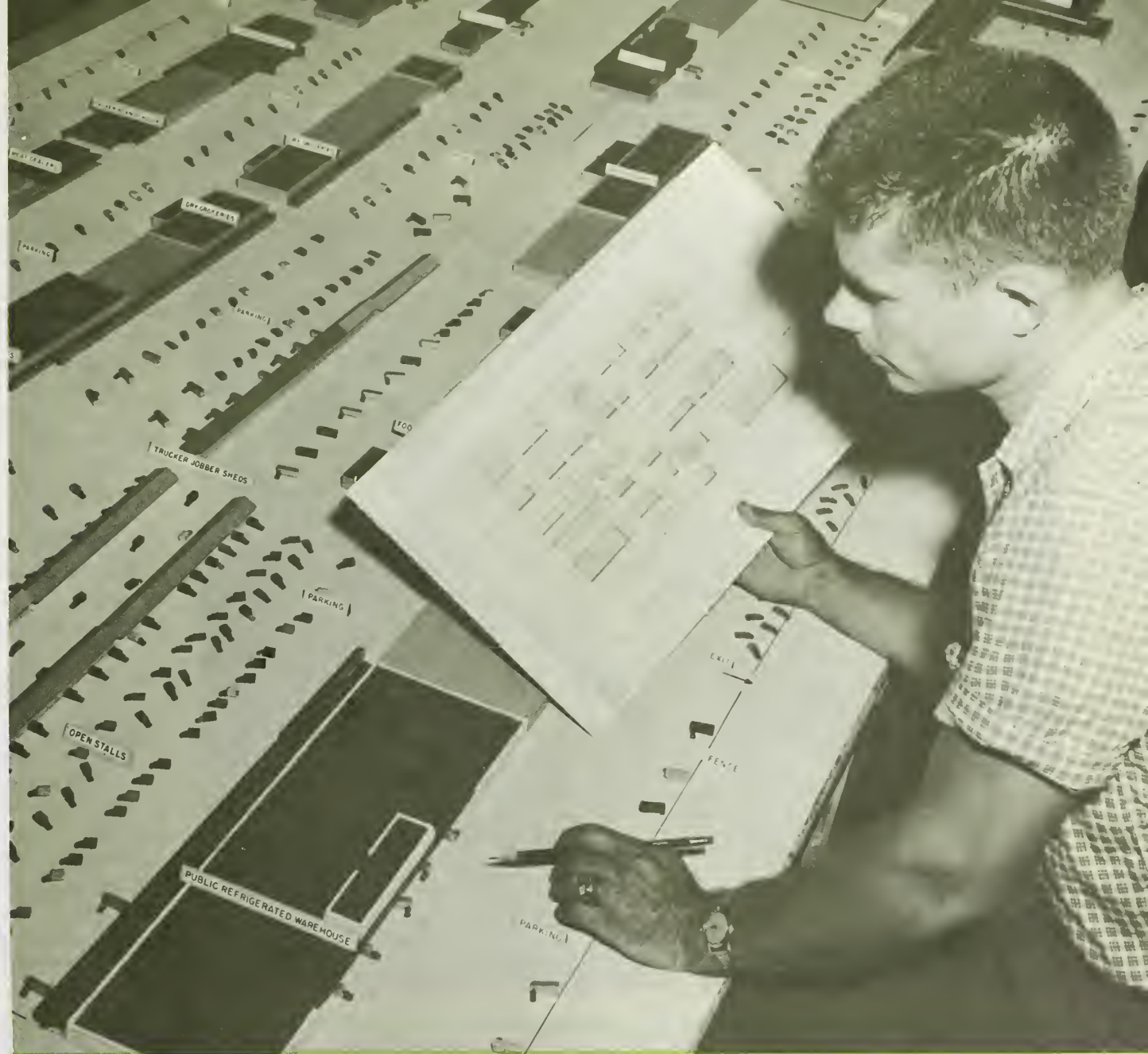


N-42840

Insects annually destroy millions of dollars worth of agricultural products as they pass through the marketing system. Here a marketing researcher studies the effect of insecticides on concrete bricks that simulate the flooring found in many warehouses, processing plants, and other marketing facilities.

N-32853

Marketing researcher works on plans for a new wholesale food marketing center for a large city. During the past 20 years such research to develop plans for improved food marketing facilities has resulted in construction of many new food distribution centers which are saving millions of dollars a year in food marketing costs.





Protecting Our Free Markets



P&S district supervisor and a cattle dealer discuss market practices. All livestock dealers, whether they operate at stockyards, as here, or in the country, are subject to regulation under the P&S Act, and must be registered with the Secretary of Agriculture, if they conduct any business across State lines.

Among the many important AMS services in the marketing of food and fiber is that of providing regulation—preventing unfair trading practices—thus helping to preserve the free and open competition upon which our economy is based.

A number of regulatory laws are the basis for this service—they set out rules of fair business practice that protect the rights of growers, of those engaged in processing and marketing, and of the consuming public.

PACKERS AND STOCKYARDS ACT

The Packers and Stockyards Act of 1921 is one of the oldest and broadest regulatory laws administered by AMS. Its purpose is to assure free, open, and fair competition and fair business practices in the marketing of livestock, meat, and poultry—all the way from the farm to the retail store.

Effective enforcement of this law is important to farmers, who receive more than a third of all their cash income from the marketing of livestock and poultry—and also to consumers, who spend more than 30 percent of their food budgets for meat and poultry items.

Major objectives of the P&S Act are these:

1. To safeguard producers against receiving less than the true market value of their livestock and poultry, and to protect them from unreasonable and discriminatory rates and charges and inadequate services and facilities at public markets;

... Preventing Unfair Trade Practices

2. To protect consumers against unfair business practices in the marketing of meats and poultry; and

3. To protect those in the livestock and poultry marketing and meat industries from unfair, deceptive, unjustly discriminatory, and monopolistic practices of competitors.

Since the P&S Act is essentially a fair trade practice law, administering it involves a continuing review of what is "fair" in the marketing of livestock, meat, and poultry. This requires constant study and evaluation of changes in marketing structure, operation, and performance—for example, concentration of buying power, vertical integration (e.g. raising or feeding of livestock by meat packers), new methods of procuring products, merchandising, and pricing.

Specialists in the P&S Division constantly analyze such practices and evaluate their economic effects upon competitive conditions in the livestock, poultry, and meat industries to determine if any are violative of the P&S Act.

These specialists also meet regularly with representative industry groups so that both may keep informed on new marketing practices and trends and discuss what revisions in P&S regulations may be needed to keep abreast with current conditions.

Enforcing the P&S Act also requires the P&S Division to supervise operations of stock-

yards, auction markets, market agencies, dealers, and meat packers, make periodic visits to these places of business, investigate, and audit their accounts to make sure that they are in sound financial condition and are employing fair business practices under free and open competition.

To assure accurate weights on correct scales, the Division also supervises the testing, maintenance, and operation of all scales used by those subject to regulation under the P&S Act.

To bring a stop to a violation of the P&S Act, the Department of Agriculture may issue a formal "cease and desist order." Violations of these orders, as well as criminal violations of the Act involving fraud, such as false weighing, are turned over to the Justice Department for prosecution.

In other instances, violators may be suspended as registrants under the act, thus barring them from conducting business for the period of suspension.

In addition to the Washington, D.C., headquarters the P&S Division maintains 15 field offices, each charged with administering the law in a specified area.

PERISHABLE AGRICULTURAL COMMODITIES ACT

The Perishable Agricultural Commodities Act is designed to encourage fair trading practices in the marketing of fresh or frozen fruits

and vegetables. It prohibits unfair and fraudulent practices and it provides a means of enforcing contracts in interstate or foreign commerce.

It provides a code of ethics for the fruit and vegetable industry that might be summed up as "Get what you pay for—and pay for what you get."

The PAC Act requires that parties comply with the terms of their contracts. The seller must ship the specified quantity and quality—and the buyer must accept shipments delivered as promised. The buyer must pay promptly for purchased shipments and issue accurate accounts of sales and pay net proceeds due for consigned shipments.

Misbranding of fruits and vegetables is prohibited. The act does not require any particular markings on containers like other Federal and State laws, but those that are used must be accurate. Misrepresentations concerning grade, State of origin, etc., are unfair trading practices prohibited by the act.

Practically everyone in the produce industry, from growers' agents to large retailers, is covered by the act. Except for growers marketing their own crops, everyone who trades in fresh or frozen fruits or vegetables which move in interstate commerce must have a PACA license. This license can be suspended or revoked for violations of the act.

To administer the PAC Act, the Regula-



N-44016

The PACA license on the wall means he's in business. One of 23,000 persons licensed under the PAC Act, this fruit and vegetable wholesaler conducts much of his business by telephone. He can rely on the PACA man to settle disputes.

tory Branch of the AMS Fruit and Vegetable Division maintains five field offices in addition to a staff in Washington, D.C. These men handle complaints involving unfair trading practices in the marketing of fruits and vegetables. They endeavor to bring parties together and arrange informal settlements of disputes.

If amicable settlement cannot be arranged, the injured party is given the opportunity to file a formal complaint. When the amount involved is over \$1,500 the parties can request a hearing to present their evidence and testimony. These hearings are handled somewhat like court proceedings. Cases involving smaller amounts of money can be handled under shortened procedures without a hearing. The Department may issue a formal

reparation award at the conclusion of the proceedings. If the award is not paid or appealed by the respondent, his license is suspended until settlement is made. In cases of repeated or flagrant violations of the act, the Department can institute disciplinary proceedings to suspend or revoke a produce dealer's license.

PACA representatives also make spot checks from time to time at packing sheds, shipping points, terminal markets, and similar places, to make sure that the provisions of the act prohibiting misbranding are being observed.

FEDERAL SEED ACT

Good seed is basic to good agriculture—and to our food, feed, and fiber crops. So enforcement of the Federal Seed Act protects



N-1697

Seed analyst counts number of healthy seeds in germination test.

consumers as well as farmers and all who deal in seeds.

This law requires that all agricultural and vegetable seeds that move in interstate commerce be truthfully labeled. It prohibits false advertising. And it prohibits imports of low quality seed and screenings.

The Seed Act requires that the labels tell (1) the kind of seed (if the variety is named, it must be correctly named); (2) the percentage of pure seed; (3) the percentage of each kind of seed; (4) percentage of inert matter and weed seeds; (5) the germination rate and date of germination test; (6) a statement to show that the seed has been treated to control diseases or insects, if it has been so treated; and (7) the name and address of the shipper.

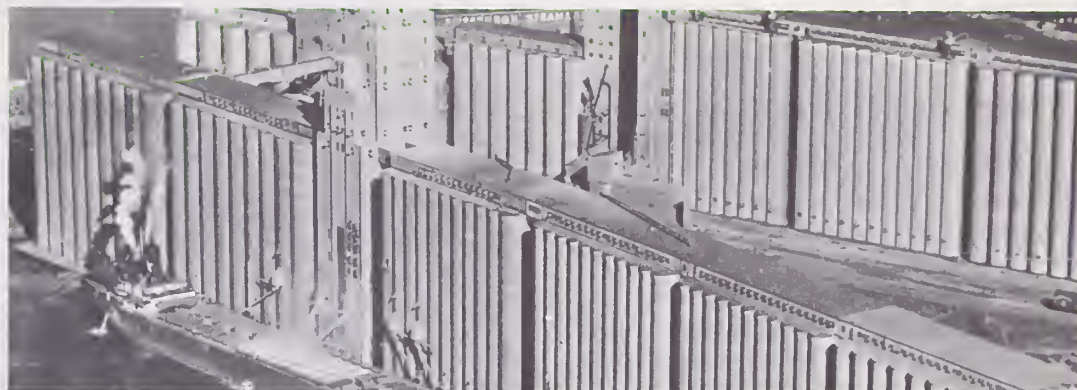
Enforcement of the law is the responsibility of the Seed Branch of the AMS Grain Division. But State governments cooperate closely, for each of the 50 States has its own seed law, too. In the six Federal seed laboratories, in different parts of the country, technicians analyze seed samples sent in by the public or brought in by cooperating State seed inspectors who suspect violations. The analysts must be able to identify all kinds of seeds, separate the pure seeds from the weed seeds, and so on. Germination tests and true-ness-to-variety tests are run, too.

The technicians test all imported agricultural and vegetable seed to determine if it meets the standards of quality established under the Seed Act and is eligible for entry into this country.

Criminal prosecution or civil action may be brought for violations of the law. Many such actions are brought each year—some for not having the required information on labels—some for misrepresentation of germination rates—some for misleading statements on the purity of the seed or its variety. Nevertheless, it is estimated that enforcement of the law since it was enacted in 1939 has reduced the percentage of seed that is falsely labeled from about 25 percent to less than 8 percent.

U.S. WAREHOUSE ACT

Safe storage plays an important part in the orderly marketing of agricultural commodities. When immediate sale is not ad-



BN-4177

vantageous, farmers and others who produce or merchandise these commodities want to be assured that their property will be properly safeguarded and maintained in good condition while in storage.

It is a function of the U.S. Warehouse Act to provide assurance of safe storage, through the operation of a warehouse-licensing system and a program of periodic inspections of licensed warehouses and their contents. Receipts for products stored in federally-licensed public warehouses have real value—they can be bought or sold or used to obtain credit.

Purely a voluntary service, inspection and licensing under the Warehouse Act is not required. It is provided only to those who request it and can qualify. More than 1,800 public warehouses, in 37 States, are licensed under the act. They store almost all kinds of staple agricultural products—grain, cotton, dry beans, wool, tobacco, dried fruits, canned

foods, and others. They can store some \$4 billion worth of products, and are generally pretty well filled.

AMS warehouse examiners, employees of the Special Services Division, which is charged with administration of the Warehouse Act, are kept busy making the rounds of these warehouses—inspecting facilities and products, personnel and policy. It is their responsibility to be sure that each federally-licensed warehouse meets its obligations in terms of physical inventory, warehouse structure, and financial condition.

If a licensed warehouseman fails to meet the requirements of the Warehouse Act, he may be penalized. Penalties run from temporary suspension of a license to fines or imprisonment for offenses such as issuance of a false or fraudulent receipt, false weighing or grading of products, or illegal removal of products.



Expanding Food Markets

AMS, as part of its long-range efforts to increase the efficiency of our food marketing system, conducts a number of action programs designed to improve national dietary levels and to expand current and future markets for food.

Under these programs, in fiscal 1963:

- 2.4 billion pounds of food were made available to some 25 million Americans—school children, needy families, persons in institutions, and those living in areas where natural disasters struck.
- 15 million children—one out of every three attending U.S. schools—ate nutritionally-balanced school lunches, provided under the National School Lunch Program.
- 2.8 billion half-pints of milk were served to children at reduced prices made possible by the Special Milk Program.
- 400,000 persons received aid in increasing the nutritional level of their diets through a special pilot Food Stamp Program.

The responsibility for directing these programs rests with AMS which carries them out in cooperation with State and local government agencies throughout the country.

SCHOOL LUNCH

The National School Lunch Program has become the largest single food service industry in the Nation—more than a billion-dollar-a-year operation.



N-29731

The first school lunches were served to pupils in this country more than 100 years ago, but the program as it is operating today was started in 1946 when Congress passed the National School Lunch Act. This provides not only cash and commodity assistance, but also national supervision and standards for the lunch program. State educational agencies are responsible for administering the program within the schools. Public and non-profit private schools in all 50 States, as well as in Guam, Puerto Rico, the Virgin Islands,

and American Samoa are taking part in the program.

To participate, schools must meet these requirements:

1. They must operate their lunch program on a nonprofit basis.
2. They must serve lunches free, or at a reduced price, to children unable to pay the full price.
3. They must serve lunches which meet the nutritional standards established by USDA—the "Type A" lunch.

...Distributing Our Abundance

It is the job of AMS nutritionists, home economists and other program specialists not only to supervise the program, but to work with State and local school lunch directors to help them with management problems and assist them in meeting the nutritional needs.

To do this, AMS specialists provide a broad program of technical assistance which includes, among other things, the development and publication of guides on menu planning, quantity recipes, food management materials, and aids for workshop training programs for State and local school lunch workers.

Federal funds are apportioned to the States to be used for reimbursing the schools for part of the cost of the food they purchase. These funds must be matched from sources within the State, at the basic rate of \$3 for each Federal dollar.

AMS also buys some foods of high nutritive value for distribution to schools taking part in the program. These purchases, made under the authority of section 6 of the National School Lunch Act, are solely for the purpose of helping the schools meet the nutritive requirements of children.

However, foods acquired by the Department in surplus removal and price support operations are also made available to the schools from time to time. These foods are offered, too, to other schools that have a food service but are not taking part in the National School Lunch Program.

In 1963, USDA donated to schools foods valued at more than \$166 million. To meet the rest of their needs, the schools purchased foods locally—about \$635 million worth.

Federal, State, and local agencies in recent years have directed increasing attention to the problem of providing lunches for needy children in schools located in areas of poor economic conditions. This was given impetus by an experimental program in 1961 that made it possible for some 22,000 youngsters to enjoy lunch at school for the first time.

As more work is accomplished in this direction, the National School Lunch Program will play an increasing role in safeguarding the health and well-being of all the Nation's children—and at the same time help to create an ever-expanding market for farm products.

SPECIAL MILK PROGRAM

In addition to the milk that is served to children as a part of the Type A lunch under the school lunch program, a large amount of milk is served to children each year under provisions of the Special Milk Program—nearly 2.8 billion half-pints in 1963.

This program is open not only to schools, but also to orphanages, settlement houses, summer camps, and similar nonprofit institutions devoted to the care and training of

children. Some 90,000 such schools and institutions are taking part—making it possible for them to serve more milk to children, or if it is offered for sale, to offer it at a reduced price. At least three out of every four children in school can obtain milk under the provisions of this program, which in essence is a system of reimbursement or incentive payments.

The job of administering the program is a big one—it means working with large numbers of State and local authorities—but often the same AMS employees who work on the school lunch program can combine this work with carrying out the provisions of the Special Milk Program.

This program has proved an effective means of encouraging children to drink more milk—it now accounts for about 2½ percent of the annual nonfarm consumption of fluid milk.

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N-18196

DIRECT DISTRIBUTION

The homeless and hungry refugees from a Texas hurricane . . .

The family of an unemployed West Virginia miner . . .

The malnourished children in a newly-emerging African state . . .

These are some of the more than 90 million children and needy persons in the United States and 100 foreign countries being aided by America's agricultural abundance.

Getting these foods to the people who need them—that's another of the important jobs of AMS, one that it carries out through its Direct Distribution Program.

The foods that are distributed come from two sources: (1) those that are acquired by the Commodity Credit Corporation in price support programs, and (2) those that AMS purchases as part of its surplus removal activities, under the authority of section 32 of Public Law No. 320 (74th Congress).

The aim of the distribution program is simply this: to make constructive use of our agricultural abundance.

The program also serves, in the long run, to expand demand for food. It uses the surpluses of today to build markets for tomorrow.

The foods go to schools, to charitable institutions, and to needy persons in family units. And when needs have been met in this country, then foods acquired by the Commodity Credit Corporation are made available to the needy in foreign countries through the facilities of voluntary relief agencies.

Domestic distribution is handled by State and local agencies—and these agencies are responsible for certifying the eligibility of recipients. Participation in the program is voluntary. The State and local agencies—and the people served by these agencies—choose whether or not to take part.

AMS directs and coordinates the program, and sets standards for State participation.

It also arranges for and finances necessary processing and packaging of the foods and pays the cost of transporting them in carload lots to receiving points in the States and U.S. territories. It is from these points that the States take over the management and distribution of the foods.

AMS food distribution workers must be well versed in large-scale food packaging, handling, processing, transportation, and related operations. In addition to directing the distribution functions, they also aid the State and local agencies in meeting the Federal program requirements. And they cooperate with the States to help food recipients make wise use of the donated foods. To this end, they provide practical lessons in nutrition and food management by distributing recipes and menus, holding demonstrations, obtaining newspaper publicity, and participating in television programs.

When disasters like hurricanes or floods occur, supplies of donated foods are quickly made available to the victims. Substantial amounts of these foods are almost always available in or near such spots—in school cafeterias and warehouses or in State facilities awaiting donation to needy persons and institutions—and such emergency use takes priority over all other purposes.

PLENTIFUL FOODS PROGRAM

The AMS Plentiful Foods Program is a part of USDA's broad policy of providing food

distributors and consumers with information on food supplies and prices.

Its purpose is to expand the market for foods that are in peak seasonal supply or are otherwise plentiful.

It is essentially a promotional program which enlists concerted action by the Nation's grocers and food service establishments to focus consumer attention on "plentifuls." This is done through creative advertising and merchandising, with simultaneous publicity in the press and on radio and television. The trade elements are alerted to current plentiful foods through a monthly periodical called the "Plentiful Foods List," and through other special bulletins and personal contact by field personnel. The material is aimed at the grocery trade and all important feeding operations, including restaurants, industrial and institutional feeders, and schools participating in the National School Lunch Program.

AMS program specialists select the foods each month for designation as "plentiful," basing their selections on the Department's crop reporting and outlook services. The Plentiful Foods Lists are localized on an area basis to reflect regional variations in supply, thus providing for merchandising emphasis on local as well as national "plentifuls."

Promotional emphasis on plentiful foods results in (1) increased movement through commercial channels—often with attendant price improvement for producers; (2) increased merchandising opportunities for the

trades; and (3) a wise-buy food guide for consumers.

PILOT FOOD STAMP PROGRAM

During 1961, AMS began a pilot food stamp program—to test a different method of increasing food consumption levels among needy families. This program, which utilizes normal channels of trade, is put into effect in specified areas of economic need. It enables families with low incomes to exchange the amount of money they would normally spend on food for stamp coupons of higher monetary value. The family then can use these Federal coupons to purchase food at prevailing retail prices at any regular retail store which has been approved to accept them. Grocers redeem the coupons through participating commercial banks, which in turn are reimbursed by USDA through the Federal Reserve System.

In effect, the program increases the food purchasing ability of needy families, enabling them to consume, in particular, more meat, poultry, milk, fruits, and vegetables. Thus the diets of these families are improved both in quantity and quality, and the increased consumption of these foods aids in expanding markets for American farmers and in stimulating the local economy.

In other respects, the food stamp plan operates in a manner similar to food distribution programs—that is, the State agencies are responsible for certifying the eligibility of recipients, and for getting the stamp coupons



N-41273

to the needy families, while national supervision is exercised by AMS. AMS food distribution workers also cooperate with nutrition education agencies within the States to help participating families make the most of their added food purchasing power.



AMS, in addition to its grading, market news, marketing research, regulation, and food distribution programs, provides still other, related services. These include programs that help to stabilize markets and to strengthen farmers' bargaining power—marketing agreements and orders, surplus removal, acreage marketing guides; that help farmers and shippers to obtain fair and adequate transportation rates and services; and that help States to establish useful marketing programs and services. These programs, and AMS' defense preparedness activities, are described in the paragraphs that follow. Others are listed under "Federal Laws—Basis for AMS Programs."

MARKETING AGREEMENTS AND ORDERS

Marketing agreements and orders are designed to improve farmers' incomes through orderly marketing. These are voluntary programs through which farmers can work together to solve marketing problems they cannot solve individually.

A marketing order may be issued by the Secretary of Agriculture only after a public hearing on the proposed order and after it has been approved by farmers voting in a referendum.

For milk, a Federal order achieves market stability through regulating handling in a defined area. The order sets minimum prices, based on current conditions of supply and demand, which handlers must pay producers. Each order is adapted to the particular area to be regulated. The terms of

Other Programs...

the order are carried out in the regulated market by a local administrator, appointed by the Secretary of Agriculture.

Federal orders require that milk be classified according to use—and a minimum price is set for each use classification, such as bottling and manufacturing. Farmers are paid a "blend" price—which means that they share equitably in the higher price milk brings when it is used in fluid form and the lower prices brought by that used for making butter, ice cream, etc.

The market administrator in each regulated area calculates the blend price monthly on the basis of the utilization reports from handlers and the class prices specified in the order. He makes sure that producers receive their fair share by auditing handlers' books and by checking the weighing and testing of producers' milk.

Market administrators also regularly publish information on the supplies, sales, and prices of milk in the regulated market, a valuable aid to both producers and handlers in making judicious marketing decisions.

For commodities other than milk—chiefly fruits, vegetables, and tree nuts—a marketing order program permits an industry to regulate the handling and marketing of its crops so as to prevent an erratic flow to market, reduce the total supply in primary market channels, prevent low quality produce from depressing prices, standardize containers and packs, or prevent unfair trading practices. These programs also provide a means of financing marketing research and development projects

and the collection of statistics and shipping information needed for effective operation of the program.

Every marketing order program for fruits and vegetables is operated at the local level by an administrative committee made up of growers, or growers and handlers, nominated by the industry and appointed by the Secretary of Agriculture. The principal function of an administrative committee is to recommend regulations to be issued under the marketing order. If these recommendations meet with Department approval, they are issued by the Secretary of Agriculture and become binding upon the whole industry.

Whenever the quality of domestic shipments of certain commodities is regulated under marketing orders, the Secretary of Agriculture must issue import regulations with the same or equivalent requirements.

SURPLUS REMOVAL

AMS carries out surplus removal (section 32) programs that are different from other Department of Agriculture price assistance programs. They are different because, instead of restricting production, they attempt to widen demand for farm products by encouraging domestic consumption, exports, or the development of new outlets and uses.

These programs are carried out under authority of section 32 of Public Law No. 320 (74th Congress). This law also authorizes funds on a continuing basis—without need for annual Congressional approval and appropriations. The amount of money available

for the programs is equal to 30 percent of the duties collected annually on imports.

Section 32 programs—as they are called—provide limited price assistance to farmers; they make it possible to find useful outlets for many surplus farm commodities that might otherwise have been wasted; and they serve to improve the diets of school children and needy persons.

The law requires that section 32 programs be devoted principally to perishable nonbasic commodities. However funds can be, and in some instances have been, used for basic commodities, chiefly to expand export markets. (Basic commodities include corn, cotton, wheat, rice, tobacco, and peanuts.)

Section 32 programs have given aid to every segment of the agricultural economy. Products given assistance in recent years have included eggs, butter, cheese, nonfat dry milk, turkeys, beef, pork, lamb, dry beans, lard, potatoes and various other vegetables, fruits, cotton and tobacco.

Mostly this assistance takes the form of purchases—and donation of the foods purchased to schools, institutions, and the needy. However, some assistance has been given through export and through diversion programs.

Export programs make it possible to sell a product overseas at the competitive world price, even though this may be below the prevailing price in this country. Section 32 funds may be used, when such a program is in effect, to pay an exporter a differential, so that he can pay domestic producers at the going rate and still sell the product overseas at a profit.

Diversion programs may take a number of different forms, including the development of

new uses and byproducts or diversion to secondary uses. One such program was the development of new date products. Another was for the diversion of potatoes to the manufacture of starch and the feeding of livestock. Section 32 funds are used to reimburse producers (directly or indirectly through processors) for the lower returns they would normally get for selling products for such uses.

ACREAGE-MARKETING GUIDES

Acreage-marketing guides are a kind of business advisory service for vegetable growers. These printed reports give growers the best information possible about the probable needed production of each vegetable for the growing season ahead.

Guides are developed for vegetables and melons for fresh market, sweetpotatoes, vegetables for processing, and potatoes. They are published seasonally, just before planting time, so that growers can consider the facts as they develop their own plans for the coming season.

A staff of specialists in the Vegetable Branch of the AMS Fruit and Vegetable Division, is responsible for the basic development of the guides. Each specialist is responsible

for one or more commodities—and each must really “live with” the situation for his commodity throughout the year. For, using all the latest and best information available—the vast store collected by the Department of Agriculture and other Government agencies as well as industry associations—he must be able to come up with an accurate picture of just how much production will be needed to meet consumer demands but will still maintain a balanced market.

The guide for each vegetable in each State or producing area is presented in terms of a percentage change from the planted acreage of the preceding year. Then each individual grower can apply the percentage change in acreage to his own operation.

These recommendations are not allotments, but guides—and compliance is voluntary. The program is based on the assumption that given the best information possible the individual grower will make intelligent decisions for his and the industry's best interest.

TRANSPORTATION SERVICES

Good transportation services at reasonable rates are of particular importance to farmers,

N-38045





BN-10822X

Vermont dairy farmer gets another "good milk flavor rating" from his dairy. This is part of a Vermont matching funds project to improve milk flavor. It brought about a more than 10 percent increase in sales.

both in marketing their products and in getting the supplies they need—the mixed feed, fuel, fertilizer, machinery, and so on—to the farm.

To help them get such services and rates is the responsibility of the Transportation Services Branch of the AMS Special Services Division—a responsibility specifically assigned by Congress to the Department of Agriculture.

Working on this job are a staff of rail, water, motor truck, and air transportation specialists, transportation economists, and cost accountants. They work closely with farmers, shippers, farm organizations, consumers, and other Government agencies.

Often they are able to bring about needed

changes in freight services or rates by negotiating informally with individual carriers or groups of carriers. When necessary, they file complaints or petitions and testify in formal proceedings before Federal and State agencies which regulate transportation.

The AMS specialists continuously study the transportation system and how it is affecting farmers and the general public. They must keep up with the situation so that they will be able to assess proposed changes in rates and services—and determine when changes are needed. These studies form the basis for Department of Agriculture policy on transportation matters.

MARKETING SERVICE MATCHING FUND PROGRAM

Virginia farmers are producing more meat-type hogs and selling them for better prices than they did just a few years ago. Specialists in the Virginia Department of Agriculture have helped them achieve this.

Such work is one type of project carried out under the Federal-State Marketing Service Matching Fund Program administered by AMS. Nearly all States are taking part in the program, receiving Federal funds which they match with State dollars to provide a practical marketing service program at the State level.

AMS reviews and approves proposed projects, helps the participating States plan their programs, and gives counsel on particular problems. But the main responsibility for program development rests with the States. Projects vary widely from one State to another, for each has its own needs and problems. Some concentrate on ways to improve handling methods, others on problems connected with processing farm products. Some need and work on ways to provide new basic market data and information. Many work on expanding market outlets and have extensive promotional programs.

CIVIL DEFENSE ACTIVITIES

Built-in readiness is a basic concept of the U.S. Department of Agriculture's defense planning.

Under the National Food Plan, USDA is assigned the basic responsibility for planning and operations in the areas of food production, and food distribution through the wholesaler level. State and local governments are responsible for distribution below wholesale and for consumer rationing and mass feeding.

Within the USDA organization, the assignment of AMS is that of managing existing food supplies, their processing, storage, and distribution in a national emergency.



Federal Laws... Basis for AMS Programs

Agricultural Marketing Act of 1946.—Provides the basic authority for the major functions of the Agricultural Marketing Service. In enacting this law, Congress declared its intent to provide for a scientific approach to the marketing of farm products and to establish an integrated administration of all Federal laws aimed at improving the distribution of farm products through research, marketing aids and services, and regulatory activities. This act authorizes marketing research, Federal standards for farm products, grading and inspection services, market news services, cooperative agreements, freight rate services, market expansion activities, consumer education work, and various other functions of AMS.

U.S. Cotton Standards Act.—Provides for (1) establishment, preparation, distribution and use of official standards for cotton, and (2) a cotton classing service on a fee basis for shippers, spinners, and the general public.

Cotton Futures Provisions of the Internal Revenue Code of 1954.—Requires that each bale of cotton delivered in settlement of futures contracts be classed by a USDA cotton classing office. Also provides for the designation of bona fide spot cotton markets and the issuance of cotton price quotations for these markets.

Cotton Statistics and Estimates Act.—Provides for (1) a report on estimates of the grades and staple lengths in the carry-over of

cotton stocks as of August 1 each year, and (2) periodic reports each year on estimates of the grades and staple lengths of the cotton crop.

(a) **Smith-Doxey Amendment.**—Provides a free cotton classing and market news service to groups of farmers organized to promote the improvement of cotton.

(b) **Cotton Service Testing Amendment.**—Provides cotton fiber tests and small scale spinning tests for breeders, merchants, consumers, and others to promote objective measures of cotton quality, orderly marketing, and better varieties of cotton.

Federal Seed Act.—Requires truthful labeling of seed shipped in interstate commerce, prohibits false advertising, and prohibits importation of low quality seed and screenings.

U.S. Grain Standards Act.—Authorizes official standards for grain, requires inspection, based on these standards, of grain sold by grade in interstate or foreign commerce, and prohibits deceptive handling and inspection practices.

Perishable Agricultural Commodities Act.—Prohibits unfair and fraudulent practices in the marketing of fresh or frozen fruits and vegetables and requires that all dealers, commission merchants, brokers, shippers, and growers' agents handling these commodities in interstate or foreign commerce be licensed.

Produce Agency Act.—Prohibits fraudulent practices in connection with consignment

transactions involving all types of perishable farm produce, such as dairy and poultry products, fresh fruits and vegetables, and cut flowers.

Standard Container Acts of 1916 and 1928.—Requires that the containers subject to these laws (baskets, hampers, and barrels) comply with certain specific capacities to prevent the use of deceptive containers in marketing produce.

Export Apple and Pear Act.—Requires inspection of fresh apples and pears exported from the United States to determine that they meet minimum quality specifications established under this Act by the Secretary of Agriculture.

Export Grape and Plum Act.—Requires inspection of export shipments of those types of fresh grapes and plums on which the Secretary of Agriculture has established minimum quality specifications under this act.

Agricultural Marketing Agreement Act of 1937, as amended.—Authorizes establishment of marketing orders and marketing agreements to regulate the handling of milk and setting of minimum prices to farmers, and to regulate quality or quantity of shipments and types of containers and packs of specified fruits, vegetables, and tree nuts, hops and certain other commodities and requires regulation of imports into the United States of certain of these commodities whenever

domestic shipments are subject to quality regulations under a marketing order.

Tobacco Inspection Act.—Provides for establishing and promoting the use of standards of classification for tobacco and maintaining official tobacco inspection and market news services.

Tobacco Stocks and Standards Act.—Provides for the collection of statistics on stocks of leaf tobacco held by dealers and manufacturers and publication of these and other statistics for tobacco.

Tobacco Plant and Seed Exportation Act.—Prohibits the exportation of tobacco seed and plants except for experimental purposes.

Naval Stores Act.—Provides for defining and establishing standards; establishing methods for analysis, inspection, sampling and grading of naval stores products; and regulating the labeling, advertising, and packing of such products for sale in commerce.

Agricultural Trade Development and Assistance Act of 1954 (Public Law 480).—Provides for constructive use of U.S. agricultural abundance. Among other provisions, it authorizes (1) transfer of commodities on a government to government level in times of emergencies in foreign countries and (2) donation of food through U.S. voluntary relief agencies to needy people in foreign countries.

National School Lunch Act of 1946.—Provides for measures to aid schools in establish-

ing nonprofit lunch programs and to "safeguard the health and well-being of the Nation's children, and encourage the domestic consumption of nutritious agricultural commodities and other food."

Agricultural Act of 1935 (Public Law 320)—

Section 32.—Authorizes purchase, export, and diversion programs to widen market outlets for surplus farm commodities. Provides for limited price assistance to farmers and for increasing the use of agricultural products among low income groups.

Agricultural Act of 1949—Section 416.—

Provides that commodities acquired by Commodity Credit Corporation in price support activities may be used, among other purposes, for donation to the Bureau of Indian Affairs, schools, and other nonprofit or charitable institutions. Also provides for donations to needy persons abroad through U.S. voluntary relief organizations.

Agricultural Act of 1956—Section 210.—

Authorizes donation of commodities to Federal penal and correctional institutions and to State correctional institutions for minors.

Agricultural Act of 1961—Section 402.—

(Effective July 1, 1962)—Provides continuing authority (previously provided under other legislation) to encourage use of milk in schools, child-care centers, summer camps, and other similar nonprofit institutions devoted to the care and training of children.

U.S. Warehouse Act.—Authorizes licensing and bonding of public warehouses for storage of agricultural products. Provides for periodic inspection of warehouses and products to insure the safekeeping of the products stored.

Agricultural Adjustment Act of 1938—Section 201.—

Authorizes work to assist producers and cooperatives in obtaining and maintaining equitable transportation rates, charges, and services on farm products and farm supplies.

Federal Civil Defense Act and Defense Production Act.—

Authorizes defense planning activities. Under this authority, AMS is responsible for food management activities which would be required following an attack on this country.

Packers and Stockyards Act.—

Regulates the business practices of those engaged in interstate and foreign commerce in livestock and poultry marketing as well as meat and poultry packing. It sets out rules for fair business practices and free, open, competitive markets.

Poultry Products Inspection Act.—

Requires Federal inspection for wholesomeness for all poultry and poultry products processed in plants engaged in interstate or foreign commerce.

Wool Standards Act.—

Authorizes the use of certain funds for wool standardization and grading work.